



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: MAY 25, 2006 REPORT NO: 06-064

ATTENTION: Chairperson Madaffer and Members of the LU&H Committee
Land Use and Housing Agenda of May 31, 2006

SUBJECT: Montgomery and Brown Field Airports

REFERENCE: City Manager's Report No. 05-089, dated April 7, 2005 and City
Manager's Report 05-224, dated November 10, 2005

REQUESTED ACTION:

THIS IS AN INFORMATION REPORT ONLY NO ACTION IS REQUIRED ON THE PART
OF THE LAND USE AND HOUSING COMMITTEE OR THE CITY COUNCIL.

STAFF RECOMMENDATION:

None.

SUMMARY:

On November 16, 2005, the Public Safety and Neighborhood Services Committee (PS&NS) directed the City Manager to report to the Land Use and Housing Committee on May 31, 2006, regarding the following Action Items:

- 1) The resolution of the non-aviation leases and non-aviation sub-leases at Brown Field, to which the FAA objects, including: The length of term, cancellation clauses, and revenue character;
- 2) The status of the northwest heliport (Northport) project, including the location of the helicopter Touchdown and Lift Off (TLOF) area;
- 3) The status of an audit of the Airports Enterprise Fund by the City Auditor;
- 4) The creation of a dialog between the FAA and the City, including representatives from Fire Rescue and the Airports Division and concerning the relocation of Fire Station 28 onto Montgomery Field;

- 5) A conflict-of-interest analysis of Airport Advisory Committee members by the City Attorney's office, especially with regards to that committee's review of potential airport leases;
- 6) The status of a plan for the Request for Proposals (RFP) to operate Montgomery Field;
- 7) The status of a separate airport master plan for Montgomery Field and Brown field;

A status report on these seven action items follows:

- 1) *The resolution of the non-aviation leases and non-aviation sub-leases at Brown Field, to which the FAA objects, including: The length of term, cancellation clauses, and revenue character;*

When the FAA inspected Brown Field regarding grant assurances compliance, there were seven non-aviation leases. They included: Fire Station 43, The Landing Strip Café, the Air Mobile Unit of Homeland Security – Customs and Border Protection, Abre Enterprises, Antonio Gonzales Customs Broker, Organic Recycling West (ORW) and, the approximately 50 subleases of the former tenant David Rowland.

The FAA conditionally agreed to the presence of the first four of these leases: Fire Station 43 could remain until the end of the 22 years remaining on its lease at which time it would be re-evaluated, the Landing Strip Café could remain in its role as aviation support under a new lease, the Air Mobile Unit of Homeland Security – Customs and Border Protection (BORSTAR) could remain under a new lease now being negotiated, contingent on the relocation of its vehicles off the aircraft parking ramp, and Abre Enterprises could remain under a lease now being negotiated.

The FAA requested that the other three non-aviation leases be removed from the airport. Antonio Gonzales Customs Broker has been removed. ORW is now in the process of relocating to the County Landfill. As of May 15, most of the former Rowland sub-tenants have been given one-year Right of Entry Permits so they can relocate their businesses to off-airport sites.

- 2) *The status of the northwest heliport (Northport) project, including a discussion of the location of the helicopter Touchdown and Lift-Off (TLOF) area;*

The bid opening for Northport was November 15, 2005 and all bids were rejected. The project was redesigned to attract lower bids and will be re-advertised in July. In addition, Development Services is revisiting the environmental exemption. The bid opening is set for late August and the project is expected to be completed in February, 2007.

Concerning the location of the TLOF, the current location is the one that was certified by the FAA. There are constraints to other locations: Obstructions to the west, a Multiple Habitat Protection Area to the east, and a runway protection area to the south. All vehicles and Fire Rescue personnel will be sited at the eastern side of the TLOF, as requested by the industrial complex to the north.

- 3) *The status of an audit of the Airports Enterprise Fund by the City Auditor;*

The City Auditor has agreed to conduct an audit of the Airports Enterprise Fund, the results of which, the Auditor will present at the LU&H meeting of May 31, 2006.

- 4) *The creation of a dialog between the FAA and the City, including representatives from Fire Rescue and the Airports Division and concerning the relocation of Fire Station 28 onto Montgomery Field;*

On February 9, 2006, representatives from the FAA Regional Office met with LU&H Chair Jim Madaffer, Fire Rescue Chief Tracy Jarman, General Services Director Mario Sierra to discuss various topics including: Relocating Fire Station 28 on Montgomery Field, the Northport project and, grant assurance compliance at Brown Field. The results of this discussion concerning the fire station indicated that: The FAA could reconsider locating Fire Station 28 on Montgomery Field, if some of the environmentally constrained airport land was converted to aviation uses, and if the FAA was satisfied with the progress made to date with grant assurance compliance issues at Brown Field.

- 5) *A conflict-of-interest analysis of Airport Advisory Committee members by the City Attorney's office, especially with regards to that committee's review of potential airport leases;*

The City Attorney has reviewed the presence of City airport tenants on the Airports Advisory Committee (AAC) and will present their opinion at the LU&H meeting of May 31, 2006.

- 6) *The status of a plan for the Request for Proposals (RFP) to operate Montgomery Field;*

The Mayor's office and the San Diego County Regional Airport Authority (SDCRAA) are studying the concept of the latter assuming management of Brown and Montgomery Fields under a lease contract. Should this project prove successful, it would preclude the necessity for an RFP. Should this lease arrangement not prove successful, the Airports Division would undergo the Business Processes Re-Engineering (BPR) process and undergo the Managed Competition process, if the division met the Mayor's criteria set for such competition.

An aviation consulting firm, Leigh-Fisher, was hired by the Airports Division to review the management, operations and financial status of the Airports Division and the Airports Enterprise Fund. They issued a report on May 8, 2006. The main points of the report are to:

- Devolve lease development to Airport management
- Define the business planning process
- Introduce a commercial management position
- Implement facility development planning to support business objectives
- Develop variable lease and land use zoning strategy
- Maintain community management activities
- Increase tenant communications
- Prepare a strategic business plan

(Please see Attachment A, *Leigh –Fisher Report*)

- 7) *The status of a separate airport master plan updates for both Montgomery Field and Brown Field;*

Before the airport master plan update for Montgomery Field can be completed, a vernal pool restoration project must be completed. An RFP will be issued for an environmental consultant to plan and execute the restoration project in September, 2006. Project completion is expected by mid-2007. Once completed, the plan will be submitted to the planning groups of Kearny Mesa, Serra Mesa, Tierra Santa and Clairemont, the Airports Advisory Committee, the Planning Commission, the LU&H Committee, City Council and the FAA for review, acceptance and certification.

A request for an FAA grant for the airport master plan update for Brown Field has been submitted to the FAA. It is hoped that the FAA will offer the grant within the next year. If the grant is offered, the update will be completed within a year. In the meantime, an Immediate Action Plan (IAP) for Brown Field is proposed. The IAP would compliment the Brown Field airport master plan update and would be composed of a limited number of needed improvements, such as runway and taxiway repairs.

FISCAL CONSIDERATIONS:

None.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

On November 16, 2005, the Public Safety and Neighborhood Services Committee (PS&NS) directed the City Manager to report to the Land Use and Housing Committee on May 31 of 2006, regarding the seven Action Items listed above.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The Airports Advisory Committee has been generally briefed on the seven action items contained in this report.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The key stakeholders associated with the seven Action Items included in this report are the communities surrounding the two airports and the airport users. The communities near Montgomery Field include Kearny Mesa, Serra Mesa, Clairemont, Tierra Santa. Those near Brown Field include Otay Mesa, Otay Nestor and San Ysidro. The airport users are represented by the Airport Advisory Committee, Community Airfields Association of San Diego and the Aircraft Owners and Pilots Association (AOPA).

Mario X. Sierra, Director, General Services
Originating Department

R.F. Haas
Deputy Chief of Public Works